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# CIA Chief Foresees 'Vicious Struggle' As Oil Output Falls

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Declining oil production worldwide in the 1980s is likely to produce "shortages, uncertainties and risks" and result in a "vicious struggle" among nations for scarce resources, CIA Director Stansfield Turner testified yesterday.

In somber testimony before the Senate Energy and Natural Resources Committee, Turner forecast that "world oil production is probably at or near its peak and will decline throughout the 1980s."

As a result, he said, the world as a whole faces the prospect of declining petroleum consumption and slowing economic growth. "Politically, the cardinal issue is how vicious the struggle for energy supplies will become," he added.

The backdrop for Turner's long-planned testimony was rising congressional concern about the consequences of unilateral U.S. military action to blockade or mine the harbors of Iran. Such action, especially if it causes spreading turmoil in the Persian Gulf, could bring about a major oil supply interruption with global repercussions.

Turner did not comment on possible U.S. military action against Iran, which has been repeatedly mentioned by President Carter in recent days as a potential next step in the crisis over the U.S. hostages in Tehran. The CIA Director said his agency has produced

an estimate of the probable reactions of Saudi Arabia, Iraq, Kuwait and other Persian Gulf oil producing nations to such U.S. action, but he declined to discuss it in public session.

According to Chairman Henry M. Jackson (D-Wash.), an extensive Energy Committee inquiry into "the geopolitics of oil," including Turner's testimony, has found that "an oil supply interruption of a major magnitude is a virtual certainty at some time within the next decade." Describing the United States as "heavily dependent" on imported oil for at least 10 to 20 years, Jackson called on the executive branch to fill the U.S. strategic petroleum reserve despite opposition from Saudi Arabia.

The present U.S. reserve is the equivalent of only 11 days' oil supply, according to Jackson. Failure to expand the reserve in the face of the grave dangers of a petroleum cutoff is "a one-way road to suicide," he charged.

As in previous CIA estimates and testimony, Turner said one of the factors in the world's coming petroleum bind is an expected decline in Soviet oil production. The CIA director forecast that Soviet petroleum output will peak this year and begin falling next year. The communist countries as a group will go from net exporters of oil to net importers within the next several years, he said.

At the same time, oil output in the Persian Gulf countries "will at best

remain near current levels," while production by members of the Organization of Petroleum Exporting Countries in other areas will decline in the 1980s, Turner said.

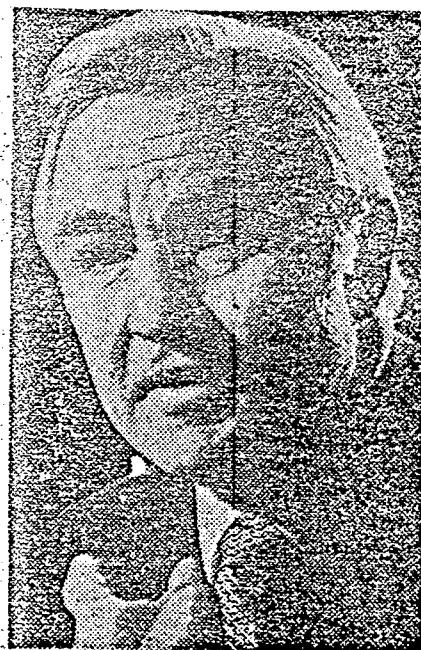
Despite heavy drilling, U.S. production will continue to decline, Turner estimated, noting that "most U.S. companies in the past year have reduced their projections of output in the 1980s."

Turner's forecast of U.S. production brought sharp dissent from oil-state senators Ted Stevens (R-Alaska) and Henry Bellmon (R-Okla.). They charged that the CIA and other official estimates are too pessimistic and fail to take into account the impact of recent and potential discoveries.

Just about the only bright spot in the world oil supply picture, as outlined by Turner, was the possibility of a major increase by Mexico in the 1980s. He said Mexico is now increasing production rapidly to meet its revenue needs, and might double its output from the present 2 million barrels per day.

In the tension-filled period of the 1980s, said Turner, "all the obstacles to securing a stable flow of oil from the [Persian] Gulf will be magnified."

He described as "tenuous" the physical security of the oil routes and the oilfields of the area. "Any major intra-regional conflicts—such as another Iran or another Arab-Israeli war—could well lead to some disruption of oil supplies," he said.



STANFIELD TURNER  
...cites "shortages and risks"